

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Third Party Communication: None
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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:INTL:B02
PLR-133264-10

Date:
February 11, 2011

TY:

Legend

Taxpayer =

Year 1 =

Year 2 =

Country X =

Accountant Y =

Accounting Firm Z =

Dear :

This is in response to a letter received by our office on August 16, 2010, submitted on behalf of Taxpayer by its authorized representative, requesting an extension of time under Treas. Reg. § 301.9100-3 to make the election provided by section 953(d) of the Internal Revenue Code ("Code") to be treated as a domestic corporation for U.S. tax purposes commencing on the first day of Taxpayer's taxable year for Year 2.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Taxpayer is an insurance company incorporated in Country X in Year 1. Taxpayer's principal activity is to insure risks in the United States. Taxpayer began conducting business in Year 2. Taxpayer's principal activity is to insure risks in the United States. Taxpayer was not required to file a U.S. federal income tax return for Year 1 or Year 2. Taxpayer was unaware of the filing deadline applicable to a section 953(d) election and did not file a section 953(d) election. Taxpayer engaged the services of Accountant Y with Accounting Firm Z to handle the filing of all necessary U.S. federal tax returns and filing requirements. Accountant Y failed to inform Taxpayer of the filing deadline for the section 953(d) election for Year 2.

The substantive and procedural rules for making a section 953(d) election are contained in Notice 89-79, 1989-2 C.B. 392 and Rev. Proc. 2003-47, 2003-2 C.B. 55, respectively. These rules provide that the election must be filed by the due date prescribed in section 6072(b) (including extensions) for the U.S. income tax return that is due if the election becomes effective. Section 4.04(2), Rev. Proc. 2003-47. In addition, an electing corporation must use the calendar year as its annual accounting period for U.S. tax purposes, unless it joins in the filing of a consolidated return and adopts the parent corporation's tax year. Section 1, Notice 89-79. The section 953(d) election was not filed by the due date of the return for the Year 2 taxable year and thus, was not a timely election.

Treas. Reg. § 301.9100-1(c) provides, in relevant part, that the Commissioner, in his discretion, may grant a reasonable extension of time under the rules set forth in Treas. Reg. § 301.9100-3 to make a regulatory election or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all the subtitles of the Code except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-3(a) provides that requests for extensions of time for regulatory elections will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

Treas. Reg. § 301.9100-3(b)(1) provides that except as provided in Treas. Reg. § 301.9100-3(b)(3)(i) through (iii), a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer:

- (i) requests relief under this section before the failure to make the regulatory election is discovered by the Internal Revenue Service;
- (ii) failed to make the election because intervening events beyond the taxpayer's control;
- (iii) failed to make the election because, after exercising reasonable diligence (taking into account the taxpayer's experience and the complexity of the return or issue), the taxpayer was unaware of the necessity for the election;
- (iv) reasonably relied on the written advice of the Internal Revenue Service; or
- (v) reasonably relied on a qualified tax professional, including a tax professional employed by the taxpayer, and the tax professional failed to make, or advise the taxpayer to make, the election.

Treas. Reg. § 301.9100-3(c)(1) provides in pertinent part, that the Commissioner will grant a reasonable extension of time to make a regulatory election only when the interests of the Government will not be prejudiced by granting the relief.

Based solely on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. §301.9100-3 with respect to the election under section 953(d). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to make the election provided by section 953(d) in accordance with the rules set forth in Notice 89-79 and Rev. Proc. 2003-47, to be treated as a domestic corporation for U.S. tax purposes effective for the tax year ended on December 31, Year 2.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to make the section 953(d) election. Treas. Reg. § 301.9100-1(a).

Taxpayer should attach a copy of this letter to its section 953(d) election.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to your authorized representatives.

Sincerely,

Jeffery G. Mitchell
Branch Chief, (International)